

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 MILAN 0263

E. O. 11652: GDS
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SUBJ: CABLE FROM COMO

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1. SUMMARY. COMO IS QUIET AND PROSPEROUS SILK CENTER WHOSE WELL BEING IS GETTING SLIGHTLY FRAYED AROUND EDGES. BUT FABRIC IS HOLDING. END SUMMARY.

2. COMO IS BEST KNOWN FOR SPLENDID LAKE WHICH PLAYS ONLY MINOR PART, HOWEVER, IN PROVINCIAL ECONOMY. THAT IS SUPPOSEDLY BECAUSE LOCAL FOLK PREFER COMMERCIAL ACTIVITIES LIKE MAKING TEXTILES (ESPECIALLY SILK) TO HOSTING TOURISTS. THAT HARD WORKING PEOPLE OF COMO CITY AREN'T BENDING OVER BACKWARDS TO ATTRACT VISITORS SHOWS IN SPARSE NUMBER OF HOTELS (SIX) AND GRUBBY ASPECT OF MUCH OF TOWN. BUT LATTER IS DECEPTIVE. COMO IS ACTUALLY WEALTHY BASTION OF DC POWER, INCREASINGLY A SURBURB OF MILAN, WHOSE PROBLEMS, SO FAR AT ANY RATE, ARE ONLY SKIN DEEP.

3. DPO SPENT FEBRUARY 16 IN COMO DISCUSSING LOCAL SCENE WITH BISHOP, PREFECT, MAYOR, PROVINCIAL SECRETARIES OF THREE MAJOR PARTIES AND CISL, OFFICERS OF INDUSTRIALISTS' ASSOCIATION, AND VICE-PRESIDENT OF LEADING BANK.

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4. COMO IS BUSTLINE PROVINCE OF SMALL INDUSTRIES WHOSE MAIN PRODUCT IS TEXTILES. YVES ST. LAURENT AND OTHER FAMOUS BRAND TIES, SCARVES, BLOUSES AND SHIRTS ARE NOT ONLY MADE BUT DESIGNED IN COMO. UNLIKE MUCH OF ITS EC COMPETITION, COMO TEXTILES ARE STILL IN BASICALLY HEALTHY STATE, MAINLY BY DINT OF LABOR- SAVING INVESTMENTS THAT HAVE CAUSED PROPORTION OF COMO WORKFORCE ENGAGED IN INDUSTRY TO FALL FROM THREE QUARTERS TO ONE QUARTER OVER LAST

THIRTY YEARS. MAIN PROBLEM AT MOMENT IS LOW DOMESTIC DEMAND, CONDITION MADE LESS GRAVE THOUGH BY FACT THAT COMO EXPORTS WELL OVER HALF ITS TEXTILES AND EXPORTS ARE DOING WELL. PROBLEM FOR SILKMAKERS - IN CONTRAST TO MOST OTHER INDUSTRIES - IS UNDERVALUED DOLLAR, SINCE COMO INDUSTRY MUST BUY RAW SILK IN SWISS FRANCS BUT SELLS MOSTLY IN DOLLARS.

5. NOT THAT COMO TEXTILE MAKERS ARE RESTING ON THEIR LAURELS. SIXTY OF LARGEST COMPANIES WILL SET UP EXPORT PROMOTION EXHIBITION AT HOTEL PIERRE IN NEW YORK IN APRIL, AT COST OF \$ 1 MILLION, TO WIDEN THEIR SHARES OF US MARKET.

6. THE OTHER MAINSTAYS OF COMO ECONOMY - METAL MANUFACTURING AND WOOD - ARE HURTING DUE TO DEPRESSED INTERNAL DEMAND. AND CONSUMER SALES ARE DOWN, THOUGH MODEST INVASION OF SWISS WANTING TO TAKE ADVANTAGE OF FRANC'S PURCHASING POWER IN ITALY HAS CUSHIONED CONSUMER BLOW MEASURABLY.

7. ONE HAS IMPRESSION, HOWEVER, THAT COMO ECONOMY IS BASICALLY HEALTHY. OTHERWISE PROVINCE WOULD HAVE SERIOUS UNEMPLOYMENT PROBLEM, WHICH EVEN CISL SECRETARY SAID IT DIDN'T. THIS NOTWITHSTANDING FACT THAT NOT ONLY HAS TEXTILE INDUSTRY SHED WORKERS AT DRAMATIC RATE BUT RECENT HARDER TIMES IN SWITZERLAND HAVE SENT LARGE NUMBER OF COMO'S CITIZENS WORKING ACROSS BORDER IN CANTON OF TICINO BACK HOME TO COMO. OF TOTAL OF 35,000 WORKING IN SWITZERLAND, 10-15,000 HAVE RETURNED. BUT MOST HAVE BEEN RE-CONFIDENTIAL

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ABSORBED IN COMO ECONOMY, WHETHER AS BLACK LABOR OR OTHERWISE. EXCEPT FOR NUMBER OF YOUNG GRADUATES, FEW OF COMO'S 230,000 PERSON WORKFORCE ARE UNEMPLOYED.

8. NOT SURPRISINGLY, COMO UNION ARE FAIRLY CONTENT. NEW, MODERATE LAMA POLICY? SECRETARY OF CISL, LARGER HERE THAN CGIL, HAD NO COMPLAINTS. PROBLEM NOW WAS TO CONVINCE SMALL MINORITY WHO OPPOSED NEW LINE. AND IT WAS NEW. MANY OF HIS UNION COLLEAGUES WERE STRESSING CONTINUITY OF LABOR POLICY AND REFUSING TO ADMIT THAT CHANGE HAD OCCURRED. BUT IT HAD, AND HE AGREED WITH IT.

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C O N F I D E N T I A L SECTION 2 OF 2 MILAN 0263

9. POLITICALLY COMO IS STILL HEAVILY DC (ONLY COMO AND VICENZA IN ALL OF ITALY VOTED AGAINST DIVORCE IN 1974 REFERENDUM) THOUGH PCI MADE BIG STRIDES IN 1975 LOCAL ELECTIONS, GOING FROM 15 TO 23 PERCENT. PCI ALSO TOOK STEP FORWARD WITHIN DC-PSI-PSDI CITY EXECUTIVE (GIUNTA) IN JUNE 1977 WHEN SOCIALISTS REFUSED TO CONTINUE

UNTIL COMMUNISTS HAD BEEN ASKED TO VOTE IN FAVOR OF GIUNTA AND OF NEW, COMMONLY-AGREED PROGRAM. (SINCE MID-1975, PCI HAD SUPPORTED GIUNTA BY ABSTAINING.) SVELTE, ARISTOCRATIC DC MAYOR NINO SPALLINO AND BRIGHT YOUNG DC SECRETARY GIOVANNI ORSENICO SAID CHANGE WAS REALLY VICTORY FOR DC, SINCE NEW PROGRAM TO WHICH PCI HAD AFFIXED SIGNATURE WAS FULL OF DC-ORIGINATED LEGISLATION. BUT COMMUNISTS WERE PORTRAYING MATTER AS HARD-WON STEP FORWARD FOR THEIR SIDE.

10. THAT KIND OF THING WAS NOW HAPPENING ALL OVER PROVINCE, COMPLAINED DC SECRETARY. PSI MEMBERS HAD JUST WALKED OUT OF PROVINCIAL GIUNTA, FOR EXAMPLE, AND LIKELIHOOD WAS THAT IT WOULD BE RECONSTITUTED ALONG LINES OF ITS CITY COUNTERPART. FURTHERMORE, PCI WAS DEMANDING MORE FORMAL ROLE IN COMMUNITIES ALL OVER PROVINCE. SECRETARY SAID HE WAS FORCED TO BE "LITTLE ANDREOTTI", CONSTANTLY GUIDING SMALL TOWN DC'S THROUGH MINI-CRISES BROUGHT ON BY PCI REQUESTS TO JOIN GIUNTA. THESE REQUESTS, HE INSISTED, WERE NOT LOCALLY INITIATED BUT MANDATED FROM ROME WHENEVER LEADERSHIP THOUGHT IT WAS TIME FOR ANOTHER PUSH. THAT WAS DISRUPTIVE OUTSIDE
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FACTOR WHICH MADE LOCAL GOVERNMENT STABILITY HARD TO COUNT ON.

11. NOT THAT PCI DWELT EXCLUSIVELY ON FORM. ONE THING COMO DC HAD LEARNED, CONTINUED SECRETARY, WAS THAT WAY TO COMBAT COMMUNISTS WAS TO COME TO WORK AS WELL PREPARED AS THEY WERE. SECRETARY SPOKE DISPARAGINGLY OF HIS PARTY'S VARIOUS DE CAROLIS' AND MAZZOTTA'S, WHO SPENT THEIR TIME ISSUING PERSONAL STATEMENTS RATHER THAN ATTENDING TO PARLIAMENTARY DUTIES IN ROME. BASIC PROBLEM, HE COMPLAINED, IS THAT PCI IS SET UP TO WIN VOTES ON BASIS OF COMPETENT PERFORMANCE WHILE DC SET UP TO WIELD POWER LONG SINCE ACCUMULATED. WHEN COMO DC DID ITS HOMEWORK AND FACED PCI ON THE ISSUES, PARTY

DID WELL. THAT WAS WAY TO GO.

12. WHAT ABOUT LOCAL DC ATTITUDE TO PCI ADVANCE AT ROME LEVEL?
SECRETARY SAW NO ALTERNATIVE: YOU HAD TO WORK WITH COMMUNISTS.

13. ACROSS TOWN, IN RECENTLY REMODELED VILLA WHOSE INNER SET-UP WAS MODEL OF FUNCTIONALITY, TRIM, PROFESSORIAL PCI SECRETARY GIANCARLO TAGLIABUE EXPLAINED COMMUNIST VIEW OF THINGS. HE WAS FAIRLY CONTENT WITH CITY GIUNTA'S PERFORMANCE SINCE PCI HAD BEEN GIVEN MORE DIRECT ROLE. NOT THAT GIUNTA HAD YET DONE ALL IT COULD. PCI, IN FACT, WAS ABOUT TO PRESENT COMPREHENSIVE PLAN FOR COMO ECONOMY. ONE SUGGESTION WAS THAT COMPANY MANAGERMENTS MEET PERIODICALLY WITH WORKERS TO DISCUSS PROBLEMS. THIS WAS NOT CO-MANAGEMENT ON GERMAN MODEL BUT RATHER, SAID SECRETARY, KIND OF CONFLICTUAL PARTICIPATION. BUT DIDN'T THIS ALLOW WORKERS TO PARTICIPATE IN DECISIONS FOR WHICH THEY THEN REFUSED RESPONSIBILITY? NO, WORKERS' RESPONSIBILITY WAS TO DO JOBS WELL ONCE DECISIONS ARRIVED AT. PROBLEM, SAID SLIGHTLY WIDE-EYED TAGLIABUE, WAS THAT COMO BUSINESSMEN DIDN'T LIKE IDEA. HE JUST COULDN'T UNDERSTAND THEIR REACTION.

14. COMO SOCIALISTS, WHO QUICKLY ADMITTED TO AMBIVALENT RELATION-
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SHIP WITH PCI, ARE MOSTLY LEFTISTS WHO CLAIM TO APPRECIATE CRAXI'S EFFORTS TO INVIGORATE PARTY BUT ARE WARY OF HIS GOING TOO FAR TO RIGHT. PSI SECRETARY SERGIO SIMONE CLAIMED MOST COMO SOCIALISTS WOULD REFUSE TO FOLLOW CRAXI INTO NEW ALLIANCE WITH DC IF HE SHOULD TRY SUCH A THING. THEY WERE, OF COURSE, CRITICAL OF COMMUNISTS AS WELL. PCI IDEOLOGIST CRAMSCI, SAID ONE, HAD WRITTEN THAT POLITICAL PARTY WILL GOVERN IN SAME WAY IT IS ITSELF RUN. CENTRALIZED NATURE OF PCI INTERNAL ADMINISTRATION, HE CONCLUDED, IS BIGGEST STRIKE AGAINST IT IN PSI OPINION.

15. WHAT ABOUT CATHOLICS? FRIENDLY, INFORMAL BISHOP TERESIO FERRARONI, VETERAN OF POST-WAR CATHOLIC LABOR MOVEMENT AND ACQUAINTANCE OF LAMA, MACARIO AND OTHER BIG NAMES, SAID CATHOLIC REVIVAL EVERYONE TALKS ABOUT IS REAL, AT LEAST AMONG YOUNG. HE HAD BEEN AMAZED AT RELIGIOUS FAVOR OF HUNDREDS OF YOUNG PEOPLE ASSEMBLED RECENTLY FOR EVENING PRAYER. CHURCH, HE SAID, HAD GROUPS NOW IN ALL OF COMO HIGH SCHOOLS. SAME WAS NOT TRUE OF UNIONS, WHERE CHURCH WAS STILL BEHIND. BUT RESURGENCE OF FAITH AMONG YOUNG WAS FACT THAT GAVE HIM HOPE FOR THE FUTURE. PCI SECRETARY GRUDGINGLY AGREED, SAYING CATHOLICS HAD DONE ALL RIGHT IN RECENT SCHOOL ELECTIONS. NOW, HE ADDED ARCHLY, THEY'LL HAVE TO COME TO GRIPS WITH REAL PROBLEMS OF SCHOOLS, NOT JUST SIT BACK AND COMPLAIN THEY'VE ALL GONE MARXIST.

16. ON PUBLIC ORDER, COMO GETTING BIT EDGY. MAYOR WORRIED THAT INCIPIENT DELINQUENCY AND DRUG ABUSE IN CITY MIGHT BE SIGNS OF

LESS PEACEFUL FUTURE. AND PREFECT LAMENTED COMO KIDNAPPINGS. AS LONG AS CULPRITS COULD LOSE THEMSELVES IN NEARBY MILAN AND POLICE NETWORK OF INFORMANTS REMAINED DESTROYED, KIDNAPPERS WOULD GO UNPUNISHED.

17. TO SUM UP, COMO APPEARED HARDWORKING PROVINCE WHERE DC STILL COMMANDS NEAR MAJORITY OF VOTERS BUT WHERE PCI HAS GAINED NOTABLY OF LATE, PROBABLY AT LEAST PARTLY DUE TO MODEST INFLUX OF WORKERS FROM SOUTH. FURTHER COMMUNIST GAINS WILL PROBABLY DEPEND ON SOCIALIST LOSSES AND MORE WORKER IMMIGRATION. MORE CONFIDENTIAL

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ACTIVE CATHOLICS ARE UNKNOWN FACTOR. EVEN IF THEY BEGIN TO MAKE WEIGHT FELT, HOWEVER, PROSPECTS IN COMO - GIVEN PRESENT TENDENCIES OF PARTIES AS WELL AS SMALL-TOWN AMBIENCE - IS FOR COMPETITION RATHER THAN CONFRONTATION AS COMO FACES FUTURE LESS TRANQUIL THAN PAST.GINA

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